SAINT-GOBAIN
CONTAINERS

August 11, 2008

Robert DuVall
California Air Resources Board
Headquarters Building
1001 "I" Street, P.O. Box 2815
Sacremento, CA 95812
duvall@arb.ca.gov

Re: Proposed Draft Scoping Plan Appendices

Dear Mr. DuVall:

Saint-Gobain Containers, Inc. owns and operates two glass container production furnaces in Madera, California and recently closed a third furnace at our former facility in El Monte, California. We have reviewed the Draft Scoping Plan Appendices June 2008 Discussion Draft and offer the following comments. We have been following the California rulemaking and have attended numerous seminars and workshops presented pursuant to AB-32 and appreciate the opportunity to provide comments on this most recent document.

Cullet Availability

Page C-119 states,

> *This measure would increase the requirement for recycled glass (cullet) content. Currently, glass container manufacturers are required to use 35 percent cullet while fiberglass manufacturers are required to use 30 percent cullet for their production. The glass container manufacturing industry and others estimate that each percent increase of cullet use can decrease energy consumption by 0.2 to 0.5 percent. In addition, increased cullet use leads to decreased use of carbonate raw materials, which would further reduce the amount of greenhouse gas produced in the process. Another benefit to increased cullet use is decreased waste that would go into landfills.*

This proposal suggests that new additional limits for cullet usage in glass manufacturing be set, but the issue for the glass manufacturers all along has simply been the lack of available clean, useful cullet for that particular process. Cullet has 'built in' financial incentives in that less energy is needed to melt cullet and it is less abrasive on furnaces. Mandating an increase in use of cullet where there is a current scarcity, cannot work. Rather than mandate increased usage, we urge state agencies to consider laws mandating recycling and source separation of various glass types.

Not all cullet can be used in all glass furnaces, what works well for one type of glass manufacturing won't work at all for a different type. Some glass has varied enough chemistry that it isn't useful for some furnaces and is considered debris. Other forms of

debris in the cullet (such as aluminum caps or rings) can have a detrimental impact on the furnace, on glass quality and in some cases even on our employees' safety.

The statement:

> *The glass container manufacturing industry and others estimate that each percent increase of cullet use can decrease energy consumption by 0.2 to 0.5 percent*

is an overestimation and not a estimate used by the glass industry. A more realistic ratio for cullet and energy reduction is that for every 3 to 4 percent of cullet added, energy consumption is reduced by 1 percent.

Page C-120 states,

> *The Department of Conservation (DOC) is the agency that implements the California Beverage Container Recycling and Litter Act. If the approach is to increase the cullet used, ARB would work closely with DOC to ensure that any regulation did not interfere with their regulatory mandate. However, ARB would have the authority to adopt, implement, and enforce such a regulation if it is deemed appropriate.*

Since increasing the availability of additional clean cullet would equate to the increased usage of cullet, SGCI would encourage the Air Resources Board to pursue working with the Department of Conservation to more fully develop the waste streams and to effectively increase cullet availability and quality for recycling.

Green House Gas Leakage

Also stated in the Appendices on page C-118 is the following:

> *Production and consumption for all four subsectors of the glass manufacturing industry are often concentrated near U.S. population centers due to the prohibitive shipping costs of both raw materials and products, and the heavy concentration of end-use customers. Therefore, it is not likely that any of emission reduction strategies mentioned would increase emissions outside of California resulting in GHG emissions leakage.*

We are aware of an increase in foreign imports of glass containers today on the west coast and this import presents a very real threat because of manufacturing cost imbalances in various geographic regions. Glass container imports are very likely to increase in California as these proposed costs are applied that would shift that balance even further.

Incentive Programs vs. Mandatory Reductions:

We note that for the glass sector, the Scoping document estimates that the various recommended actions could result in 8 to 15% reduction in GHG overall, with 6 to 12% reduction attainable through incentive programs alone. We urge CARB to pursue such

incentive programs for our industry, rather than to impose mandatory obligations which might make our industry non-competitive. Ours is a shrinking industry, in which we are competing not only with low-cost, low-quality imported glass containers, but also with alternate packaging which is inherently more polluting (plastics, for example). Due to low profit margins in the glass container business, we are unable to pass many costs on to our customers. Thus, we urge CARB to consider our industry as one of the sectors to which free allocations should be issued. Such free allocations would provide the economic incentives for our industry to try some of the innovative energy reduction technologies or operating techniques which will reduce GHG from our sector and allow us to recoup some of that cost through potential sale of GHG allowances.

Potential Reductions

Page C-120 Appendix C, Table 31 displays Potential 2020 Reductions of 0.1 to 0.2 $MMCO_2E$. The Draft Scoping Plan does not contain sufficient information to allow for the understanding of how the glass industry would attain this level of reduction. It would be helpful to see the calculation methodology employed by CARB in arriving at these estimates. In reviewing the list of potential energy saving alternatives, we note that many of these are already employed by container glass manufacturers and thus further energy savings may not be achievable. It is thus not believed that the current level of technology in the industry would allow for this level of additional reductions due to the current implementation of many of the listed strategies.

Thank you for your consideration in these issues. We look forward to working with you during this rule development process.

Sincerely,

Steven B. Smith
V.P. E.H.S.

cc: Stephen A. Segebarth, Esq.